



**ALLISON BALL**  
**AUDITOR OF PUBLIC ACCOUNTS**

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**Audit Alert**

**Use of Credit Unions by Local Government Officials**

The Auditor of Public Accounts is providing the following information to notify local officials that the use of credit unions is not permissible for depositing public funds.

KRS 66.480 states:

(1) The governing body of a city, county, urban-county, charter county, school district (provided that its general procedure for action is approved by the Kentucky Board of Education), or other local governmental unit or political subdivision, may invest and reinvest money subject to its control and jurisdiction in:

(d) Certificates of deposit or other interest-bearing accounts issued through a bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity, or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);

A credit union is not a “bank” or a “savings and loan institution” within the meaning of KRS 66.480(1)(d). Funds may be invested only in entities approved by the legislature as spelled out in KRS 66.480(1)(d).

During the course of an audit or other engagement, if it is found that a local governmental entity deposits funds in a credit union, it will be noted in the audit and the official will be notified of noncompliance with KRS 66.480.

